

Fiscal Services Division

Legislative Services Agency

Fiscal Note

HF 645 - Ad-Tabs & the Lottery (LSB 1188 HV)

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Fiscal Note Version - New

Description

House File 645 clarifies the definition of a lottery and restricts a commercial organization's lottery promotional activities, which are occasional and ancillary to the primary business of the organization, to 90 days within a one-year period. A monetary prize is not to be paid on the premises where the chance to win a prize is obtained.

The Bill requires the Attorney General, at the request of the Iowa Lottery or the Division of Criminal Investigation, to bring proceedings against a person for operating an illegal lottery. The Attorney General can require a county attorney to prosecute the person.

Background

1. The Iowa Lottery Pull-Tab sales decreased 10.0% in FY 2004 compared to FY 2003 sales.
2. Pull-Tab sales peaked at \$36.9 million in FY 1993.
3. Pull-Tab sales were \$25.5 million in FY 2004.
4. Pull-Tab sales accounted for 12.2% of the Lottery's revenue in FY 2004.
5. The Iowa Lottery awarded \$15.9 million in Pull-Tab prizes in FY 2004.
6. Pull-Tab sales accounted for \$5.0 million in operating expenses.
7. The Iowa Lottery transferred \$4.6 million in net profit to the General Fund from the sale of Pull-Tabs in FY 2004.

Assumptions

Pull-Tab sales will increase 10.0% in FY 2006 with additional enforcement and sales will stabilize in subsequent years.

Correctional Impact

To the extent that additional violations are prosecuted, the average State costs associated with imposing criminal penalties for one conviction of a serious misdemeanor ranges from \$100 to \$5,000.

Fiscal Impact

The Iowa Lottery will transfer an additional \$1.0 million in net profit from Pull-Tab sales to the General Fund in FY 2006 with increased enforcement and remain at that level in subsequent years.

Sources

The Iowa Lottery Authority
Department of Human Rights, Criminal and Juvenile Justice Panning Division

/s/ Holly M. Lyons

March 15, 2005

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
